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SUPPLEMENT

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Austro-Russian Economic Relations

1. Dr. Arpad Haas is the chief of the statistical department of the central administration of USIVA. He himself is primarily engaged in checking the balance sheets of the USIVA-controlled industries. In this capacity, he is directly responsible to General Borisov.
2. In connection with the policy regarding the exports to western countries by the USIVA-controlled industries, Dr. Haas is reported to have stated that nothing definite could be advanced until after consultation with General Borisov. He is also reported to have said that the Russians are increasingly bitter about the hostile attitude maintained by the Austrians, but that USIVA will nevertheless continue its operations in Austria on a full scale regardless of the Austria economic situation. Russia will continue to be in a position to support the enterprises with raw materials and coal. Plans are already being made whereby USIVA will be organized into a completely independent economic body within the Austrian economy in the course of this year.
3. According to Dr. Haas' reported statements, an increasingly great number of Austrians will be employed by USIVA until only the top positions are held by Russians. However, he is said to have added that this final development cannot be expected at an early date, since there is a shortage of qualified Austrians.
4. It is reported that Dr. Arpad Haas hopes that the Austro-Russian Chamber of Commerce, which he is helping to organize, will provide an opportunity for some collaboration between the Austrian and the Russian authorities and will diminish the existing distrust.
5. On the other hand, Kulagin, the head of the Economics Division, Soviet Element, ACA, is reported to have stated that there is no prospect of improved Austro-Soviet relations, so long as the present government is in power. Kulagin expects the economic crisis in Austria to become even more acute and holds out no hope for a change in the situation by negotiations.

Russian Demands on Austria

3. The Russians requested the Ministry of Trade and Reconstruction to deliver

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1000 wooden houses (value approximately nine million schillings) against part of their promised delivery of food products. Klauber, section chief in the Ministry, rejected this request, stating that if he accepted he would have to pay all the debts due to the Western Allies as well. The Russians replied that they would see to it that the transaction is kept a secret from the Western Allies. The Ministry countered with the reply that it was the Russian AGA element itself that had always insisted that all the Ministry's transactions be made public. Finally, the Ministry suggested that, if it did deliver the wooden houses, the Russians deliver the necessary tin for the construction of the houses. This proposal is now being studied.

7. In December 1946, Captain Vlassov, chief of the chemical section of USIVA, repeatedly approached Dr. Sawanda, the public administrator of the Donau-Chemie AG, with a proposal for the foundation of a mixed Austro-Russian company with a 50/50% interest. This proposal was rejected by the Austrians, since the Russians demanded that the Austrian share consist of the company's plants located in the western zones of occupation, while the Russians share would be the plants which have been requisitioned by them. The Austrian management of the Donau-Chemie AG has severed all connections with the company plants in the Russian zone, with the exception of the assignment of several engineers who were placed at the disposal of the Russians for the planning of a sulphur plant (40,000 tons per year) in Fischelsdorf near Moosbierbaum in Northern Austria.
8. It is reported that the Russian management of the Donau-Chemie AG exports the following quantities per year:
 - a. Approximately 30,000 tons of crude oil to Czechoslovakia.
 - b. 40,000 tons of residue oil from Moosbierbaum are shipped to Romania.
 - c. Approximately 18,000 tons of sulphur, which are not used in Austria, disappear into USIVA.

The exports to the East (Czechoslovakia, Hungary, etc.) cannot be checked by the Austrians since they are mostly shipped by military transports. No exports are made to the West by the Russian-controlled Donau-Chemie AG.

9. Reports indicate that the food rations distributed to the workers of the Russian-controlled plants have been cut by 30% and that ton salaries have been reduced by 20% (chief bookkeeper 1,500 schillings per month, chief engineer 900 schillings per month).

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